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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Implementation of Sections 3(n))
and 332 of the Communications Act)
)
Regulatory Treatment of)
Mobile Services)

GN Docket No. 93-252

AT&T'S REPLY

Pursuant to the Commission's Notice of Proposed Rulemaking ("NPRM") released on October 8, 1993, American Telephone and Telegraph Company ("AT&T") hereby replies to the comments of three RBOCs who suggest that Commercial Mobile Service ("CMS") affiliates of AT&T should be subject to more stringent regulation than that applied to nondominant CMS providers.¹

There is no basis to impose any special regulatory rules upon any CMS provider who does not control bottleneck facilities. CMS services are highly competitive today, and it will only become more competitive as Personal Communications Services ("PCS"), enhanced Specialized Mobile Radio ("ESMR") services and other new applications of

¹ Southwestern Bell, fn. 17, pp. 34-35; Bell Atlantic, pp. 28-30, 35-39; BellSouth, fn. 81. See also California PUC, p. 8; In-Flight, pp. 4-5.

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wireless technology are unveiled. Unlike the RBOCs, AT&T controls no local exchange facilities. Thus, regulatory rules designed to account for the RBOCs' control over the local bottleneck are irrelevant to AT&T. Furthermore, AT&T has repeatedly shown that all of its current interexchange services are subject to intense competition.² Therefore, AT&T would not be able to cross-subsidize its CMS affiliates by extracting higher rates for its already competitive wireline services.

Southwestern Bell, which advocates a "unique" treatment for AT&T/McCaw,³ itself states (p. 27) that the "primary consideration in evaluating whether competition exists in a wireless market is whether there are at least two commercial mobile service providers licensed to provide a similar service within a particular licensed area." AT&T's CMS services would face far more competition. After the proposed AT&T/McCaw transaction is completed, all of AT&T's wireline services will continue to face strong competition, and all AT&T-affiliated CMS licensees will face competition from at least one other cellular carrier in each

² See, e.g., Motion for Reclassification of American Telephone and Telegraph Company as a Nondominant Carrier, CC Docket No. 79-252, filed September 22, 1993.

³ Southwestern Bell (p. 34), Bell Atlantic (fn. 41) and BellSouth (fn. 81) refer to their separate petitions to impose conditions upon or deny the proposed AT&T/McCaw merger. AT&T will refute the specific claims raised in those petitions in its pleadings in Docket No. ENF-93-44.

of its serving areas. Moreover, all current CMS licensees will soon begin facing competition from as many as seven additional broadband PCS licensees throughout the country.

Southwestern Bell (id.) is also correct that "natural market forces" will assure that there is effective competition for CMS services. Therefore, there should be no concern about the scope of the AT&T/McCaw transaction. Ventures such as "MobiLink," which is developing a nationwide service identity for wireless services offered by multiple providers, are already forming to counter the presence of an AT&T/McCaw CMS provider. In sum, competition for CMS services is thriving and will continue to thrive, and there is no reason to impose special regulatory handicaps on any AT&T CMS affiliate.

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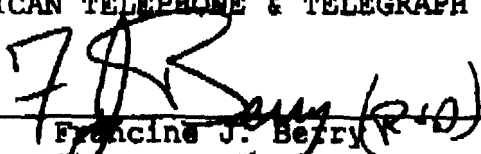
CONCLUSION

There is no market-based reason to impose additional regulation upon any CMS affiliate of AT&T. Therefore, the RBOCs' request to impose additional regulation upon AT&T affiliates should be rejected.

Respectfully submitted,

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